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17.05.2024 No 1-11/632-1

## Notification letter

Dear Justinas Docka,

The government of the Republic of Estonia which took office in 2023 set exploring ways of providing more support to the local audiovisual industry and collecting fees from media service providers as one of the objectives of its government programme. In September, the Ministry of Culture submitted a memo to the government outlining the possibilities for regulating on-demand audiovisual media services arising from the EU Audiovisual Media Services Directive which have not yet been used in Estonian legislation, as well as corresponding practices in various European countries.

Estonia has transposed the European Union's Audiovisual Media Services Directive, but has not yet implemented the provisions pertaining to on-demand media services. Estonia's cultural strategy aims to enhance the international visibility of Estonian culture, in this case film and television series, and the availability of local audiovisual productions on digital platforms. The share of streaming services in media consumption has been steadily increasing, but at the same time they are not subject to a number of obligations which apply to other media services. Films and series produced by small countries or countries with small number of speakers of the native language are not reaching streaming platforms and opportunities for their audiovisual industries to reach international markets are diminishing.

On-demand audiovisual services compete with traditional audiovisual media channels, which are regulated by European Union law and obliged to broadcast both local and European content. Similar obligations partially apply to the local streaming providers registered in Estonia. Article 13(2) of the Audiovisual Media Services Directive also entitles Member States to impose proportionate and non-discriminatory obligations on media service providers established in other Member States.

Given your position on the Estonian streaming market, we hereby notify you of our intention to apply Article 13(2) of the Audiovisual Media Services Directive in the updated Estonian Media Services Act. The amendment will apply to service providers registered in Estonia as well as to companies registered in other EU countries, but will not extend to media service providers with a small turnover or limited audience.



The amendment to the Media Services Act foresees three possible models for compliance with the obligation. One will be to establish the obligation to pay the contribution of 5%, i.e. the fee, to be channelled into the production of local audiovisual works. Alternatively, the media service provider will have the option of investing the same amount in local production, or to flexibly combine the payment of the fee and the investment within the 5 per cent contribution. Investments are defined as the production of films and television series with Estonian production companies as co-producers, pre-purchases and the purchasing of licences for works produced in the previous three years, provided that the licensed works are made widely available. In order to calculate the amount in question and to make sure the fee is paid, the state will annually gather the required data from the parties. The detailed procedure for collecting the fee and calculating the investment will be determined in the course of compiling the draft law. You are welcome to submit any comments or feedback you might have on the introduction of this investment commitment, the fee collection model and the implementation of a combined model within three weeks of receiving this notification.

The legislative intent for the corresponding amendment to the law will be published in the Republic of Estonia's information system on draft acts (<https://eelnoud.valitsus.ee>) within the next two weeks.

Yours sincerely,



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Secretary General

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